

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

March 23, 2007

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

PSF No.:06HD-129

HAWAII

Reconsideration of Rent under General Lease No. S-5513 to
Hospice of Hilo, Lessee, for Hospice and Allied Purposes,
South Hilo, Hawaii, Tax Map Key: (3) 2-3-32:11.

APPLICANT:

Hospice of Hilo, a Hawaii non-profit corporation.

LEGAL REFERENCE:

Section 171-43.1, Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Piipihonua situated at Piipihonua,
South Hilo, Hawaii, identified by Tax Map Key: (3) 2-3-32:11 as
shown on the attached map labeled Exhibit A.

AREA:

2.134 acres, more or less.

ZONING:

State Land Use District: Urban
County of Hawaii CZO: Low Density Urban

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State
Constitution: YES _____ NO _____x

CHARACTER OF USE:

Hospice and allied purposes.

LEASE TERM:

Sixty-five (65) years, commencing on October 1, 1997 and expiring on September 30, 2062.

ANNUAL RENT:

\$730.00 for the time period October 1, 1997 to September 30, 2007.

RENTAL REOPENINGS:

At the 10th, 20th, 30th, 40th, 50th and 60th years of the lease term.

DCCA VERIFICATION:

Place of business registration confirmed:	YES	<u>x</u>	NO	<u> </u>
Registered business name confirmed:	YES	<u>x</u>	NO	<u> </u>
Applicant in good standing confirmed:	YES	<u>x</u>	NO	<u> </u>

BACKGROUND:

The Land Board at its meeting of January 26, 1996, under agenda Item F-6, approved the direct issuance of a 65 year lease to Hospice of Hilo for hospice purposes. General Lease No. S-5513 commenced October 1, 1997.

DISCUSSION:

According to General Lease No. S-5513 the "rental for any ensuing period shall be nominal as defined as twenty-five percent (25%) of the fair market rental at the time of reopening."

A rent reopening scheduled for the 10th year, falls on September 1, 2007. Appraisal Hawaii was contracted to determine the fair market rental. The appraisal assignment has not been completed.

As background, the Board of Land and Natural Resources (Board) typically issues leases to private individuals and entities via public auction. The new rent at reopening is established at fair market rental value by an appraisal. If the tenant or prospective tenant is an eleemosynary (charitable) organization, the Board may issue the lease, at a nominal rent, by direct negotiation. The statute providing the Board this authority is as follows:

§171-43.1 Lease to eleemosynary organizations. The board may lease, at a nominal consideration, by direct negotiation and without recourse to public auction, public lands to an eleemosynary organization which has been certified to be tax exempt under sections 501(c)(1) or 501(c)(3) of the Internal Revenue Code of 1986, as

amended. The lands shall be used by such eleemosynary organizations for the purposes for which their charter was issued and for which they were certified by the Internal Revenue Service. [L 1970, c 83, §5; am L 1971, c 100, §1; am L 1982, c 202, §1; am L 1991, c 212, §3]

It is noted that the 501(c)(1) organization must be both organized by an Act of Congress and be an instrumentality of the United States, while the 501(c)(3) organization is a privately organized charitable organization.

CONCLUSION:

Therefore, when considering lease dispositions to eleemosynary (charitable) organizations or religious organizations, the Board may issue the lease by public auction at fair market rent, or by direct negotiation at an amount below fair market rental (i.e., nominal rent). On May 13, 2005, the Land Board established a Minimum Rent Policy that stated, among other things, that the Minimum Rent for Lease be no less than \$480 per year. Land Division generally issues Leases at fair market rental value as determined by an appraiser or via public auction. Staff believes "nominal rent" under Section 171-43.1, HRS ought to be anywhere between fair market rent, or lower, but not lower than the minimum rent of \$480 per year.

There should be a reasonable and fair annual rent for all Land Division non-profit tenants. Therefore, staff is recommending the new annual rent be \$480.

Staff has requested information on the Lessee's operations, services, program measurements, budget and funding and has attached whatever the Lessee has provided [Exhibit B].

The Lessee is in compliance with all lease terms and conditions.

Rent of \$730 is paid up to September 30, 2007. Liability insurance expires on August 1, 2007. Lessee has posted a \$1,460 certificate of deposit. In the past two (2) years there has been no outstanding compliance issues.

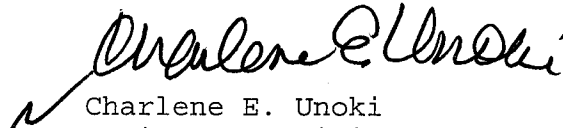
RECOMMENDATION: That the Board

1. Amend General Lease No. S-5513, Hospice of Hilo, Lessee, by adding 'Effective September 1, 2007 to August 31, 2017, the annual rental shall be \$480 per annum', subject to:
 - A. The standard terms and conditions of the most current lease amendment document form, as may be amended from time to time;
 - B. Review and approval by the Department of the Attorney General; and

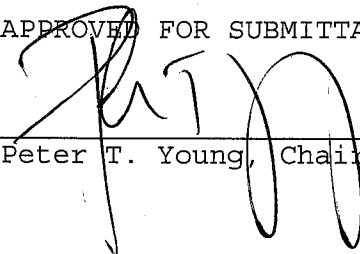
March 23, 2007

- C. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

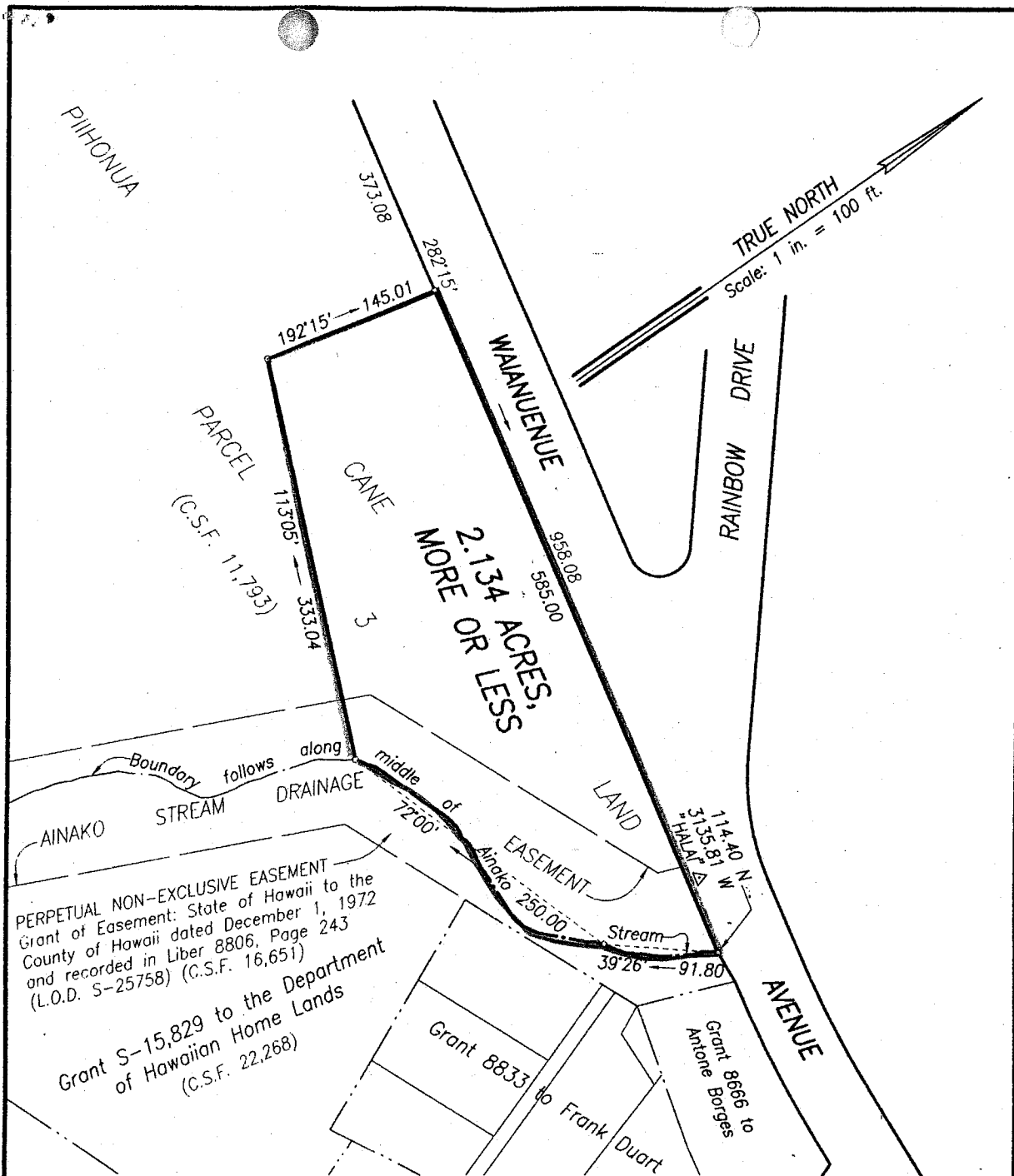
Respectfully Submitted,


Charlene E. Unoki
Assistant Administrator

APPROVED FOR SUBMITTAL:



Peter T. Young, Chairperson



PORTION OF THE
GOVERNMENT (CROWN) LAND OF PIIHONUA
Piihonua, South Hilo, Island of Hawaii, Hawaii

Scale: 1 inch = 100 feet

REDUCED
NOT TO SCALE

JOB H-132(97)
C. BK.

TAX MAP 2-3-32: Por. 1

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

C.S.F. NO. 22,632

STATE OF HAWAII

R.S. Sept. 4, 1997

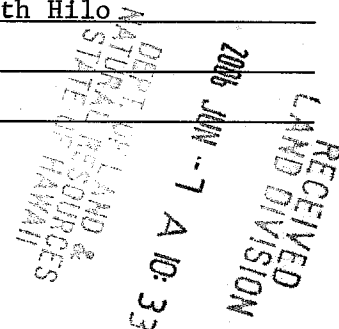
EXHIBIT A

APPLICATION AND QUALIFICATION QUESTIONNAIRE
(Non-Profit)

Write answers in the spaces provided. Attach additional sheets as necessary, clearly indicating the applicable section number.

Part I: General Information

1. Applicant's legal name: Hospice of Hilo
2. Applicant's full mailing address:
1011 Waianuenue Avenue
Hilo, HI 96720-2019
3. Name of contact person: Brenda Ho
Contact person Phone No.: 969-1733 Fax No.: 969-4863
4. Applicant is interested in the following parcel:
Tax Map Key No.: 2-3-32:Por1 Location: Piihonua, South Hilo
If Applicant is current lessee: General Lease No.: S-5513
5. When was Applicant incorporated? 1980
6. Attach the following:
 - A. Articles of Incorporation
 - B. Bylaws
 - C. List of the non-profit agency's Board of Directors
 - D. IRS 501(c)(3) or (c)(1) status determination
 - E. Tax clearances from State of Hawaii and respective county Real Property Tax Office.
 - F. Audited financial statements for the last three years. If not audited, explain why.
If Applicant is a new start-up, attach projected capital and operating budgets.
 - G. Any program material which describes eligibility requirements or other requirements to receive services



Part II: Qualification

7. Is Applicant registered to do business in Hawaii: Yes No
8. Has Applicant received tax exempt status from the Internal Revenue Service? Yes No
9. Is Applicant licensed or accredited in accordance with federal, State or county statutes, rules, ordinances, to conduct the proposed activities? Yes No

List all such licenses and accreditations required: Medicare Certification from the
Department of Health

10. Is Applicant in default or otherwise not in good standing with any State department (e.g. POS agency, DCCA, DLNR, etc.)? Yes No

If yes, explain:

11. Has Applicant had a State of Hawaii lease, permit, license, easement or sale in fee cancelled within the last five years? If yes, list:

Yes ☒ No ☐

Doc. No.

Type of Agreement

Term of Agreement

12. Does Applicant have any policies which discriminate against anyone on the basis of race, creed, color, national origin, sex or physical handicap?

Yes ☒ No ☐

If yes, explain:

13. Has Applicant received funding from a federal, State, or county government agency, the Aloha United Way, and/or a major private foundation within the last three years? Please list all such contracts below:

☒ Yes ☐ No

Agency

Contract Term

Contract Amount

Hawaii Island United Way

2003

\$29,483

Hawaii Island United Way

2004

\$25,303

Hawaii Island United Way

2005

\$30,319

Hawaii Community Foundation

2005

\$5,040

Paul Newman Foundation

2004

\$3,000

Paul Newman Foundation

2005

\$3,000

\$

\$

14. If Applicant has not received funding from a federal, State or county government agency, the Aloha United Way and/or a major private foundation during the past three years, describe Applicant's qualifications to effectively perform the proposed services, including but not limited to, grants or subsidies received from non-major, private fundors and/or staff or Board members who possess significant experience in Applicant's service field.

94% of operational revenue is generated through reimbursement for patient care from Medicare, Medicaid and other commercial insurance providers.

Part III: Program Activities and Persons to be Served

15. What activities will be conducted on the premises to be leased?
Hospice of Hilo's program of care is operated out of the buildings we constructed in 1998 on the premises. Actual patient care is provided where ever the patient resides, i.e. private home, long term care facilities, hospital, etc.
16. What are the specific objectives of these activities?
To ensure that patient's pain and other symptoms are effectively managed; to provide psychosocial, spiritual and bereavement support that is congruent with the patient's and family's values, beliefs and wishes; to ensure that patient and family have as much control over their situation as is practical; to ensure that caregivers are provided the knowledge and equipment needed to effectively care for the patient.
17. Describe the community need for and the public benefit derived from these activities.
Community Need: Although most people would prefer to die at home surrounded by family and friends, in fact 65 percent of patients die in a hospital or other institutional setting, often isolated and in pain. Hospice care is not considered often or early enough.
Public benefit: Hospice patients typically have more comfortable and dignified deaths. Family members whose loved one dies with hospice are absent from work less frequently and cope with grief more effectively than those whose loved one dies without hospice. The cost of hospice end-of-life care is less for most disease categories than non-hospice end-of-life care.
18. Describe the targeted population for these activities by: 1) age group, 2) gender, 3) ethnic background, 4) income level, 5) geographic location of residence, 6) special needs/disability, and 7) other applicable characteristic(s).
The target population consists of any person - regardless of age, gender, ethnic or racial background, income level, place of residence, special needs/disability, nationality, diagnosis, sexual orientation, creed or ability to pay - who has a terminal illness that is likely to lead to death within six months if the disease runs its natural course.
19. Describe all eligibility requirements of clients to participate in the activities, e.g. age, income level, ethnic background, income level, disability, etc.
Anyone is eligible for Hospice of Hilo services who: 1) has a terminal illness that is likely to lead to death within six months if the disease runs its natural course, 2) wishes hospice care, 3) has a personal physician who will work with the hospice team and philosophy, 4) has a caregiver, network of caregivers or has agreed to a plan of care when no longer able to care for self, and 5) resides within the service area between Laupahoehoe Point and South Point.
20. Do you require membership to participate in these activities? Yes ☒ No
If yes, list the requirements of becoming and remaining a member:
Hospice of Hilo is not a membership organization.

21. How many unduplicated persons will engage in the activities annually?

Activity

Persons Per Year

	2003	2004	2005
Number of patients served:	243	255	239
Number of family members served:	486	510	478

22. Is State funding made available for the activities to be conducted on the leased premises?

Yes No

If yes, by which State agency: Funding for low income patients is provided through the Hawaii Medicaid program which is administered by the Department of Human Services.

23. List all activities to be conducted on the leased premises which require payment of excise taxes, e.g. subleasing, sale of products or services. Include an estimate of annual gross revenues from each activity.

Hospice of Hilo T-shirts and cookbooks are available for purchase on the premises.
General excise tax is paid on these sales. Estimated annual gross revenue from such sales typically do not exceed \$1,000.

Development of the Land

24. Describe the proposed site development plan for the property, indicating the location and size of buildings, parking areas, landscaped areas and related uses. Attach sketch of plan if available.
N/A

25. What improvements to the land do you intend to make and at what cost?

N/A

26. How will the improvements be funded?

N/A

27. Describe all environmental, land use and other permitting requirements which must be met to develop the land as proposed.

N/A

28. Will you be subleasing any portion of the property? If yes, describe the sublease uses:

N/A

Part V: Notarized Certification

I/We hereby certify that the statements and information contained in this Application and Questionnaire, including all attachments, are true and accurate to the best of my/our knowledge and understand that if any statements are shown to be false or misrepresented, I/we may be disqualified from receiving a lease or my/our lease may be canceled.

Hospice of Hilo

Applicant Name

Applicant Name

By: Brenda Ho By: _____

Its: Executive Director Its: _____

Date: June 6, 2006

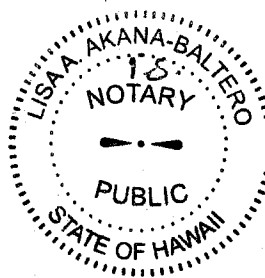
Subscribed and sworn to before me this
6th day of June, 2006.

Lisa A. Akana-Baltero
Notary Public

County of: Hawaii

State of: Hawaii

My commission expires: November 24, 2006





Hospice is a special kind of care
that helps those who are terminally ill live with
dignity and in comfort. Hospice care can be
provided at home or in an institutional setting.

Our Mission

It is the mission of Hospice of Hilo to provide
support, comfort and interdisciplinary care to
the terminally ill and their loved ones, and to
provide education and grief counseling to the
community at large.



"Keep up your spirits... Never lose heart!"
"(Hospice) makes me feel special. Without
them I wouldn't have lasted this long. I
consider them all good friends, personally."

Ray Yuen
Retired Editor of Hawai'i Tribune Herald,
Hospice of Hilo Patient

Hospice of Hilo is a private, non-profit agency,
governed by a 15-member board of directors from the
East Hawai'i community. Hospice of Hilo has been
Medicare certified since 1989 and is a member agency
of Hawai'i Island United Way and the National
Hospice and Palliative Care Organization.

Hospice of Hilo services and programs are available to
patients and families without regard to diagnosis,
gender, sexual orientation, national origin, race, creed,
disability, age, place of residence, or ability to pay.
Hospice services and records are kept confidential.

HOSPICE of HILO
PARTNERS IN HOPE, SUPPORT AND COMFORT

1011 Waiānue Avenue • Hilo, Hawai'i 96720

Tel 808-969-1733 • Fax 808-969-4863

e-mail: hospiceofhilo.org

web: www.hospiceofhilo.org



A United Way Agency

Care & Compassion

When you Need it Most



HOSPICE of HILO

PARTNERS IN HOPE, SUPPORT AND COMFORT

Serving East Hawai'i from Lanikahoe to South Point



Hospice is holistic care.

Hospice is a program of care focused on the whole person—body, mind, and spirit. Hospice is concerned not only with the physical welfare of the person, but also with their social, emotional, and spiritual well being. A patient who is dealing with the end of life seeks and deserves comfort in every aspect of his/her life.

Hospice is family-inclusive care

Hospice care includes not only the patient, but also the patient's family. Family members and caregivers typically need support in dealing with their own emotional, interpersonal, and spiritual needs during this challenging time. Hospice seeks to include them in the plan of care. Staff and volunteers can assist the family by providing respite, transportation, or help with household chores.

The Hospice Team

Providing care focused on the whole person: body, mind and spirit.

Medical Director—is a licensed physician, coordinating the hospice team.

Personal Physician—is a member of the team and oversees the patient's care.

Registered Nurses—are the case managers that monitor the patient's health, oversee pain and symptom management, and teach families how to care for their loved ones. Registered nurses are available 24 hours a day.

Anyone Is Eligible Who:

Has a terminal diagnosis that is likely to lead to death within six months, if the disease runs its natural course.

Wishes hospice care that stresses comfort rather than cure.

Has a personal physician who will work with the hospice team and philosophy.

Has a caregiver in the home or a network of caregivers.

Certified Nurse Aides—help patients with personal care.

Medical Social Workers—assist the patient and family with counseling, education, and referrals to community resources if needed.

Bereavement Counselors—offer grief support to families and the community at large through counseling services and support groups.

Volunteers—are specially trained to provide respite care, companionship, transportation and help with household chores.

Cost of Care

Most health insurance plans—such as Medicare, Medicaid and private insurance programs—provide for hospice care. Some of these plans cover the cost of hospice care completely while others require a co-payment. For patients without health insurance, Hospice of Hilo charges a sliding-scale fee based on the person's financial status.

HOSPICE of HILO

PARTNERS IN HOPE, SUPPORT AND COMFORT

(808)969-1733